



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE IDAHO ECONOMY

The importance of small business to the state of Idaho is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Idaho had 36,003 businesses with employees; 97.3 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 68,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 4.8 percent to \$2.7 billion in 1997, while wage-and-salary income rose 5.3 percent. The state also exported \$1.7 billion of goods in 1997. (In 1992, 74.4 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 42,100 women-owned businesses in Idaho, including part-time firms, employing 86,800 people and generating \$8.7 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 104.1 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 61.7 percent from 1987 to 1992, totaling 152 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 91.5 percent during the same time period with 1,865 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 513 in 1987, to 759 in 1992, representing a 48.0 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 5.0 percent, while new business incorporations decreased 0.6 percent in 1997. Financial difficulties leading to business bankruptcies increased by 15.7 percent and business failures increased by 25.6 percent during 1997.

Finance - An SBA Office of Advocacy study found that the number of banks in Idaho decreased from 21 in 1994 to 18 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

| Bank Name | Location |
|----------------------|-----------|
| FARMERS & MRCH ST BK | Meridian |
| PANHANDLE ST BK | Sandpoint |
| D L EVANS BK | Burley |

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

| Industry | 1-4 | 5-19 | 20-99 | 100-499 | 500+ | Totals |
|----------------|--------|--------|-------|---------|----------|---------|
| All Industries | 36,342 | 16,219 | 9,774 | (160) | (19,474) | 42,703 |
| Manufacturing | 401 | 1,179 | 280 | 271 | (8,338) | (6,207) |
| Retail Trade | 6,827 | 3,591 | 2,491 | 64 | 391 | 13,363 |
| Services | 16,628 | 5,404 | 4,658 | 871 | (7,359) | 20,202 |
| Other | 12,486 | 6,045 | 2,345 | (1,365) | (4,167) | 15,345 |

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Idaho, followed by Health Services. The fastest growing industry for small business is General Merchandise Stores (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

| Industry | SIC | Total Empl. | Percent of total | Percent small |
|---------------------------|------|-------------|------------------|---------------|
| Total - All Industries | 1 | 379,161 | 100.0 | 62.2 |
| Health Services | 8000 | 36,511 | 9.6 | 56.9 |
| Eating & Drinking Places | 5800 | 32,306 | 8.5 | 80.6 |
| Food & Kindred Products | 2000 | 18,259 | 4.8 | 19.6 |
| Special Trade Contractors | 1700 | 17,068 | 4.5 | 99.6 |
| Business Services | 7300 | 14,715 | 3.9 | 57.0 |

Table 2, Top Small Business Industries by Employment, 1995

| Industry | SIC | Small Bus. Empl. | Percent of total | Percent Small |
|--------------------------------------|------|------------------|------------------|---------------|
| Total - All Industries | 1 | 235,673 | 100.0 | 62.2 |
| Eating & Drinking Places | 5800 | 26,045 | 8.5 | 80.6 |
| Health Services | 8000 | 20,769 | 9.6 | 56.9 |
| Special Trade Contractors | 1700 | 17,000 | 4.5 | 99.6 |
| Auto. Dealers & Gas Service Stations | 5500 | 11,024 | 3.4 | 85.9 |
| Wholesale Trade - Durable Goods | 5000 | 10,480 | 3.3 | 84.7 |

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

| Industry | SIC | Small Bus. Empl. 1995 | Net change | Percent change |
|---|------|-----------------------|------------|----------------|
| Total - All Industries | 1 | 235,673 | 9,699 | 4.1 |
| General Merchandise Stores | 5300 | 1,156 | 393 | 34.0 |
| Miscellaneous Repair Services | 7600 | 1,727 | 297 | 17.2 |
| Fabricated Metal Products Except Machinery | 3400 | 1,940 | 324 | 16.7 |
| Automotive Repair, Services, & Parking | 7500 | 4,260 | 416 | 9.8 |
| Build. Mat., Hard., Garden Sup., & Mob. Homes | 5200 | 3,739 | 357 | 9.5 |

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.